

based service that would accomplish this. In response, New York Telephone Company introduced Limited InterLATA Dialing Service. However, this service blocks both 10XXX 1+ and 1+ calls. IPANY alleges that "many" COCOTs must process 1+ calls in order to use AT&T's toll service, as 1+ and 10XXX 1+ calling are the only means of accessing AT&T.⁴ Thus, "many" providers who want to use AT&T's toll service face the choice of not using LID and opening themselves up to fraud via 10XXX 1+ calls or using some carrier other than AT&T.

IPANY states that the AT&T entity which manufactures central office switches has recently announced the availability in September 1991 of a new software feature which would permit the blocking of 10XXX 1+ calls while allowing 1+, 0+ and 10XXX 0+ calls to be completed. Trade publications indicate that AT&T will make the software available to the LECs without cost; however, the LECs will incur some implementation and administrative costs.

In view of this development, IPANY urges the Commission to defer enforcement of the "no blocking rule" or grant a generic waiver of the rule until the deployment of the new software, and to continue to make available "10XXX Restrict Service".

DISCUSSION

IPANY requests that NYT's tariffs be modified to limit COCOT providers' liability for fraudulently placed calls; it has also petitioned the Commission to defer enforcement of the "no blocking

4. Most carriers have other means of access to their networks, i.e., the use of 800 or 950 dialing. AT&T does not provide access via these methods.

rule" until deployment of new blocking software and to require NYT to continue offering "10XXX Restrict Service" until that time.

IPANY's concern regarding fraudulent calls is a valid one. Call aggregators should not have to pay interexchange carriers for fraudulently placed calls which result from the failure of the interexchange carrier or the local exchange carrier to provide services designed to eliminate such fraud to begin with. It is clear from COCOT bills submitted by IPANY that, as of January 1991, a small number of fraudulent calls continues to leak from COCOTs connected to screening services. Neither NYT nor AT&T has been able to offer any reasonable explanation. However, they are working together to solve this problem and early indications reveal some further decrease in the level of such fraud. As New York Telephone points out, however, such a limitation, particularly on interexchange carriers, does not belong in New York Telephone's tariff. Staff does not believe that either a tariff modification or an amendment to the Commission's Rules is the appropriate remedy to deal with this situation. The appropriate remedy is in the manner in which such complaints are resolved. It is obvious that a customer should not have to pay for fraudulent calls if the placement of these calls results from the failure of screening services, or related procedures, provided by local exchange companies and/or interexchange carriers. We routinely receive complaints from consumers dealing with fraudulent calls. Therefore, we recommend that all local exchange companies and interexchange carriers be advised that complaints from COCOT providers about fraudulent calls will likewise be resolved in favor of complainants, if the calls result from the failure of services and procedures rendered by these

companies. If, as both AT&T and NYT suggest, the incidence of such fraud should be dropping precipitously as a result of their recent actions, so too should the need to sustain COCOT fraud complaints. IPANY's request that NYT's tariffs be modified should be denied.

IPANY also suggests that LID makes it risky to use AT&T as the presubscribed carrier since other carriers may, then, be reached on a 10XXX 1+ basis. However, COCOT providers may choose among various options to comply with the "no-blocking" rule. In fact, most COCOT providers attempt to restrict all 1+ interexchange traffic and rely on local usage and operator traffic for their revenues. Moreover, NYT indicates it is speculative as to exactly when the aforementioned software will become available from AT&T, much less actually deployed in NYT's switches. It could be considerably past September 1991. With respect to IPANY's petition, we do not see any reason for the Commission to suspend enforcement of its "no blocking rule" until deployment of the new software feature which will add to existing protection options.

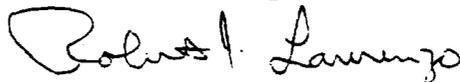
We do not believe that COCOT providers should be guaranteed business at the expense of consumers who may wish to access operator service providers of their choice. COCOT service is a form of public telephone service; therefore, to a significant degree, users expect that they will not be victims of exorbitant prices. The Commission adopted the COCOT "no blocking rule" to overcome the lack of competitive access to operator service providers by end users of COCOTs and to rectify a number of abuses, including exorbitant charges (including "location surcharges") and poor service quality for long distance services obtained from COCOTs. In deciding to require that

end-users should have access to other carriers on a 10XXX 0+ basis, the Commission was seeking to give end-users a familiar and now (in the era of "Equal Access") standardized means of accessing long distance carriers in addition to those with whom the COCOT may have prearranged for service. The continued availability of "10XXX Restrict Service" is contrary to these goals and existing Commission rules. The company's tariffs withdrawing this service should be permitted to go into effect and the petition of IPANY should be denied. Office of General Counsel (Richard C. King and Eleanor Stein) has reviewed this memorandum and agrees with the foregoing.

RECOMMENDATION

It is recommended that the tariff revisions listed on Appendix 1 be allowed to become effective, and that the request by IPANY for rejection or suspension of the proposed tariffs be denied.

Respectfully submitted,



ROBERT J. LAURENZO
Associate Communications
Rates Analyst

Reviewed by,



YOG R. VARMA
Chief, Tariff & Rates Section

APPROVED BY:



RICHARD STANNARD
Director, Communications Division

RJL

Appendix 1

ADMINISTRATIVE DETAILS

Filing by: New York Telephone Company
Revisions to: P.S.C. No. 900 - Telephone

Section 3
8th Revised Page 9
9th Revised Page 11

Section 14
6th Revised Page 5

Issued: December 12, 1990 Effective: March 8, 1991*

*Postponed to April 19, 1991

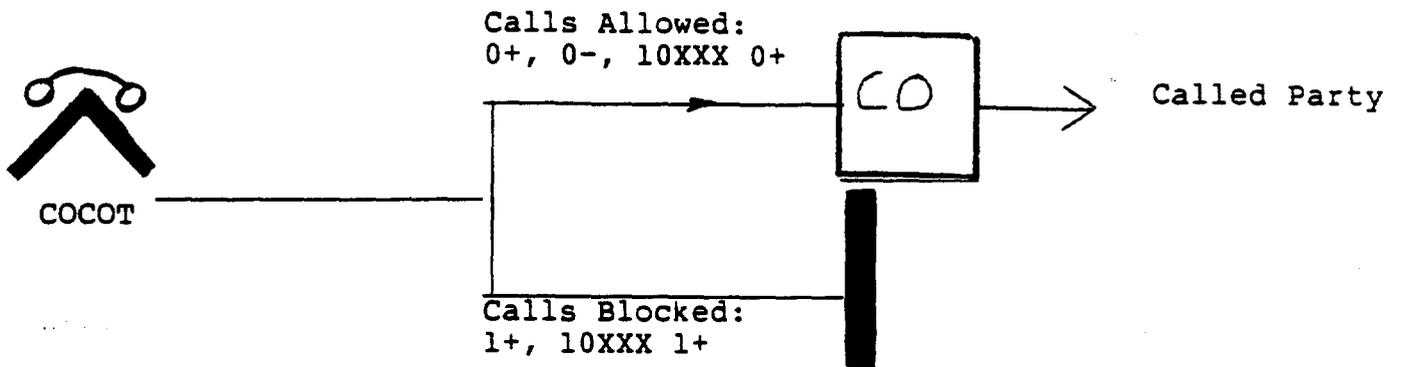
SAPA: 90-C-1171SA1 - January 16, 1991 State Register

SPO: 90-C-1171SP1

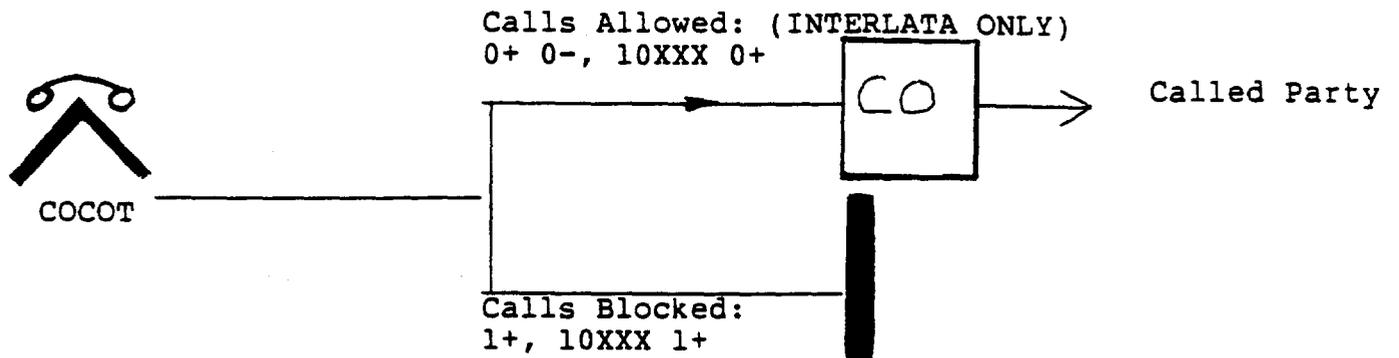
PUBLIC NOTICE: Publication requirements waived, customers notified of the changes by mail.

APPENDIX 2

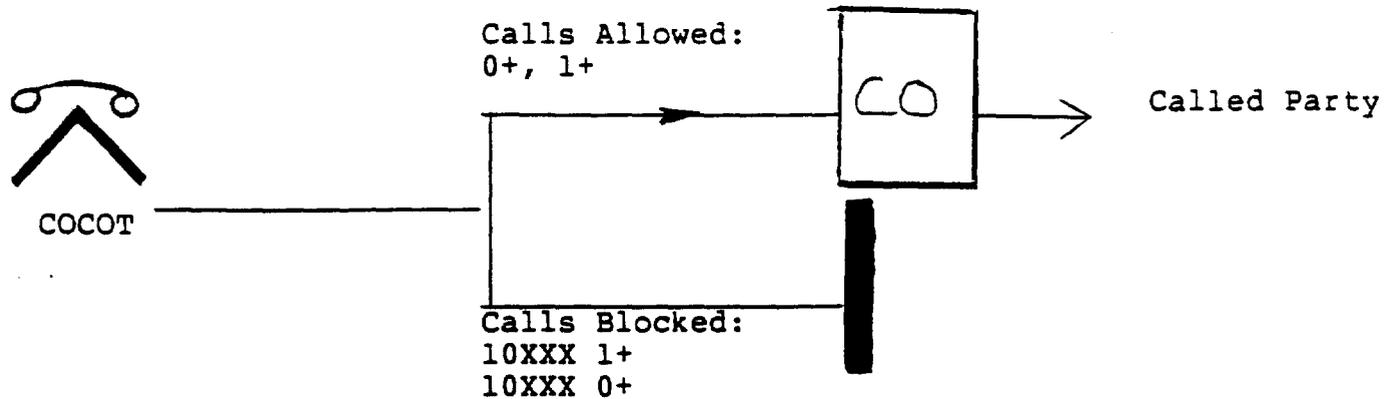
NO BLOCKING RULE



LID SERVICE



10XXX RESTRICT SERVICE



LID Service conforms with the Commission's "no blocking rule." 10XXX Restrict Service, on the other hand, is contrary to the Commission's policy.

TAB 4

EXHIBIT 0

FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, D.C. 20554

FEB 3 1989

IN REPLY REFER TO:

63203

IC-88-00426

**AT&T Communications
Customer Complaint/Satisfaction Management
55 Corporate Drive Room 32G29
Bridgewater, NJ 08807-6991**

Attention: Mr. Michael J. Kmetz, District Manager

This is in further reference to the informal complaint filed by the New York Public Service Commission (NYPSC) on behalf of several customer owned coin operated telephone (COCOT) owners expressing concern because ATTCOM charges COCOT owners for fraudulent toll calls originating primarily in the 809 area code and terminating at COCOT stations in the New York area, while ATTCOM does not recover these charges from New York Telephone (NY Tel) for the same types of calls.

ATTCOM's November 19, 1987 response states that ATTCOM expects both the local exchange companies (LECs) and COCOT vendors to absorb the cost of fraudulent calls incoming to their public telephones. However, during the meeting held in my office on October 21, 1988, ATTCOM advised us that it does not bill NY Tel for fraudulent calls terminating on its public telephones. ATTCOM further stated that if ATTCOM were to bill NY Tel for such calls terminating on NY Tel's public telephones and pursued collection of such charges, NY Tel would recover these charges by increasing the interstate access charges billed to ATTCOM and other interstate access customers.

We are concerned that NY Tel does not receive bills for fraudulent international toll calls placed over ATTCOM's lines and terminating at NY Tel's public telephones, while ATTCOM states in its November 19 response that its Tariff F.C.C. No. 1 requires it to charge the COCOT owners for the same misuse of ATTCOM's network. The foregoing practice appears to be contrary to Section 202 of the Communications Act.

You are reminded that Section 202(a) clearly states that:

It shall be unlawful for any common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, or to make or give any undue or unreasonable preference or advantage to any particular person, class of persons, or locality, or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage.

We realize that toll fraud is a very difficult issue that all parties must work together to resolve. However, the Communications Act dictates that equal billing treatment be accorded to both NY Tel and COCOT vendors. ATTCOM is directed to advise the Informal Complaints Branch (Branch) what steps it is taking to correct this unequal billing treatment within thirty (30) days from the date of this letter.

ATTCOM also advised us that it provides free operator verification service to operators in foreign administrations to prevent the completion of fraudulent calls; however, the foreign telephone operators often do not utilize the manual ATTCOM operator verification service. Because many of the foreign operators are not using this verification service, fraudulent calls are completed to public telephones which otherwise could have been terminated by the operator before completion of the calls.

During the October 21 meeting in my office we requested ATTCOM to contact the foreign administrations to discuss measures to restrict fraudulent toll calling and to encourage those administrations, based on bilateral agreements, to use ATTCOM's existing manual verification procedures. We direct ATTCOM to report the results of such contacts with the foreign administrations to the Branch within thirty (30) days from the date of this letter.

ATTCOM is further directed to provide a copy of its response concerning these matters to the New York Public Service Commission.

Sincerely,


Kathie A. Knoff, Chief
Informal Complaints and Public
Inquiries Branch
Enforcement Division
Common Carrier Bureau

cc: Mr. Douglas Wilcox
AT&T Federal Regulatory Affairs
1120 20th Street, N. W.
Suite 1000
Washington, D.C. 20036

New York Public Service Commission